United Nations A/AC.109/2004/10

General Assembly

Distr.: General
31 March 2004

Original: English

Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples

Anguilla

Working paper prepared by the Secretariat

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04-29262 (E) 030504

I. Background information

A. Geography

1. Anguilla[1] lies 240 kilometres east of Puerto Rico, 113 kilometres north-west of Saint Kitts and Nevis and 8 kilometres north of St. Maarten/St. Martin. The Territory has a relatively flat topography, a total area of 96 square kilometres and includes several offshore islets. The main island has a maximum length of 26 kilometres and a maximum width of 5 kilometres. The capital of Anguilla is The Valley, where 42 per cent of the population resides.

B. History

2. Originally inhabited by the Arawaks, Anguilla was first colonized by British settlers in 1650. For administrative purposes, it was associated with Saint Kitts and Nevis from 1871 to 1980. Following the dissolution of the Federation of the West Indies in 1962, Saint Kitts-Nevis-Anguilla became a State in association with the United Kingdom of Great Britain and Northern Ireland. In 1967, the Anguillan people staged a number of demonstrations to demand secession from Saint Kitts and Nevis. In the referendum held in July 1967, the vote was 1,813 to 5 in favour of independence. As a result, the legal ties to Saint Kitts were severed. Demonstrations and protracted negotiations were followed by the intervention of British security forces in 1969 and the Anguilla Act of 1971, whereby the United Kingdom reassumed direct responsibility for the administration of the Territory, appointed a Commissioner and provided for the establishment of an Island Council. A separate Constitution came into effect in February 1976. In 1980, the Territory formally withdrew from the Associated State of Saint Kitts-Nevis-Anguilla and became a separate dependency (now Overseas Territory) of the United Kingdom.

3. In 1981 further constitutional talks between the Governments of Anguilla and the United Kingdom were held. The Chief Minister of Anguilla recommended that a new constitution, while not providing for a full measure of internal self-government, should nevertheless grant a substantial degree of additional local responsibility to the Government of Anguilla. The Anguilla House of Assembly approved the changes and the United Kingdom enabled the Anguilla (Constitution) Order to come into force on 1 April 1982. An outline of the Order is provided in the report of the United Nations visiting mission to Anguilla of 1984 (see A/AC.109/799, paras. 19-27). After the general election of 1984, the newly elected Government appealed for wider powers for the Executive Council, as well as for more aid and investment in the Territory's economy and infrastructure from the United Kingdom.

4. The latest Anguilla Constitution (Amendment) Order was adopted in 1990. The current Constitution evolved from the 1976 and the 1982 Constitution Orders and is the fourth Constitution that applies solely to Anguilla.

C. Population

5. According to the latest census conducted in 2001, Anguilla's population was 11,561. Women made up 51 per cent of the population and men 49 per cent. The average annual increase in the population between 1992 (year of the previous

census) and 2001 was 3.2 per cent. This was a slightly lower increase than the 4.3 per cent between 1984 and 1992. There are several thousand Anguillans living abroad, particularly in the United States of America, the United Kingdom and the United States Virgin Islands.

6. Of the total population, 99 per cent speaks English well enough to carry on a conversation. Spanish or Chinese are the most common mother tongues among non-English speakers. With respect to religion, 29 per cent of the population identified itself as Anglican, and 24 per cent as Methodist. Pentecostal, Church of God, Seventh Day Adventist and Baptist all represented 7 to 8 per cent of the population, while Roman Catholics represented 6 per cent.[2]

II. Constitutional, legal and political issues

7. According to the Anguilla (Constitution) Order 1982, the Government of Anguilla consists of a Governor, an Executive Council and a House of Assembly. The Governor, who is appointed by the Queen, is responsible for defence, external affairs, internal security, public services and offshore finance. On all other matters, the Governor is required to consult with and act on the advice of the Executive Council. The Executive Council consists of the Governor as Chairman, the Chief Minister, not more than three other ministers and two ex officio members (the Attorney-General and the Deputy Governor). The House of Assembly is elected for five-year terms. It comprises a Speaker, seven members elected from single-member constituencies, the same two ex officio members as in the Executive Council and two members nominated by the Governor, one of whom is appointed after consultation with the Chief Minister and the leader of the opposition.

8. At present the Governor of Anguilla is Peter Johnston, appointed in February 2000.

9. As reported in the 2000 working paper (see A/AC.109/2000/15, para. 8), a constitutional deadlock in 1999 led to a political crisis that was finally resolved by elections in March 2000. Those elections brought to power a coalition formed by the Anguilla National Alliance and the Anguilla Democratic Party led by Chief Minister Osbourne Fleming of the Anguilla National Alliance. The Anguilla National Party is the opposition. The next elections are due by June 2005.

10. In March 1999, the Government of the United Kingdom of Great Britain and Northern Ireland issued a White Paper on the relationship between the United Kingdom and its Overseas Territories, entitled "Partnership for progress and prosperity: Britain and the Overseas Territories" (for the text, see A/AC.109/1999/1 and Corr.1, annex; for key recommendations, see A/AC.109/1999/9, para. 28). The White Paper proposed the extension of British citizenship to the citizens of the Territories; at the same time, it required the Territories to amend their local legislation, in particular on human rights and on the regulation of financial services, to meet international standards. The British Overseas Territories Act 2002 (A/AC.109/2002/2/Add.1) came into force on 21 May 2002. The new law grants the right to full British citizenship to all inhabitants of the Overseas Territories and formally abolishes the term "colony".

11. Within the framework of the White Paper, the Committee for Constitutional and Electoral Reform, appointed in 2001, continued its work throughout 2002 and 2003.

12. According to information provided by the administering Power, the issues brought to light during the Constitutional Review process such as the role of the Governor and his relations with the elected administration (see A/AC.109/2003/11, para. 12), continued to be discussed at the United Kingdom Overseas Territories Consultative Council in London in December 2003. During the meeting, the Chief Minister of Anguilla noted that the Territory had good relations with the United Kingdom and with the Governor. The United Kingdom had been receptive to the concerns of the Territories. The Chief Ministers of all Territories, including Anguilla, were now consulted about the skills and expertise required of new Governors and were informed early of their appointment. While many of the issues raised in the 1999 White Paper had been addressed, the key to partnership, according to the Chief Minister, would be for the United Kingdom to put the Territories into a position from which they could take off. As an example, he suggested that the United Kingdom could provide assistance to Anguilla in the essential airport runway extension without forcing the Territory to sell some of its assets to meet the cost (see paras. 46-54 of the present text).

13. The Governor of Anguilla, speaking at the same meeting, stated that he and the Chief Minister consulted each other regularly. He retained reserved powers under the Constitution, but they were rarely used. At the same time, the Governor considered that there was a need for greater consultation on the international negotiations likely to affect the Overseas Territories. For example, to consult the Territory just before the United Kingdom signed an agreement would be too late. He was also concerned that the implications for the Overseas Territories of the proposed constitution of the European Union had not been properly considered.

14. During the reporting period, the Constitutional Review Committee continued its awareness-raising initiatives in order to deepen public understanding of the Territory's constitutional and electoral laws in the context of the constitutional reform. In addition to town hall meetings where the general public could discuss issues related to the Constitutional Review, the local newspaper opened a section entitled "Constitutional corner", which answered questions about the present Constitution and the proposed changes, and explained to the public how particular provisions of the Constitution worked.

15. In December 2003, a Government-conducted poll indicated that 51 per cent of the island's population were of the opinion that the Constitution needed to be changed; 12 per cent did not feel the need to change it; and 37 per cent had no views on the subject. The survey also registered calls that Anguilla should have a more democratic relationship with the United Kingdom. While the respondents considered that the Attorney-General and the Deputy Governor should remain as members of the Executive Council, they felt that their roles should be changed. On the issue of citizenship, two thirds of those surveyed thought that those acquiring "Belonger" (local citizenship) status through marriage to an Anguillan should have to apply for it rather than get it automatically after a 5-year period.[3]

16. The law of Anguilla is the common law of the United Kingdom, together with all legislation inherited from the former Associated State of Saint Kitts-Nevis-Anguilla up to August 1971 and the local legislation enacted since that date. The

law is administered by the Eastern Caribbean Supreme Court, which comprises a Court of Appeal and a High Court of Justice, courts of summary jurisdiction and magistrate courts.

III. Budget

17. In December 2003, Anguilla's Minister for Finance and Economic Development introduced in the House of Assembly the 2004 budget document entitled "Real choice for a modern Anguilla".

18. According to the Minister, the 2003 performance indicated that the Government fiscal stabilization programme (2002-2004) was effective. Aspects of the stabilization programme included the following: a 7 per cent cut in budgeted expenditures; a hiring freeze; improved collection of property tax, accommodation tax and business licences; an increase in the embarkation tax; new airline ticket, airport security, and tourism marketing taxes; and a drive to increase revenue from the offshore sector.

19. The 2003 fiscal balance was as follows: recurrent revenue was initially projected at $85 million; real revenue is expected to be $88 million and recurrent expenditure to be $85 million, with a surplus of $3 million; net capital revenue is $15.95 million and local capital expenditure is $11.5 million, with a surplus of $4.45 million. The combined recurrent and capital surplus will therefore be $7.45 million.

20. During the reporting period, the Government continued efforts to control expenditure. For 2003, the expenditure was $85 million, an increase of 3.6 per cent compared to 2002. However, in real terms, with annual inflation of 2.7 per cent, the expenditure remained at a constant level.

21. For the year 2004, recurrent expenditure is planned at $90.3 million. This represents an increase of $5.3 million or 6.2 per cent from 2003.

22. External grants will be provided by the Department for International Development and the Foreign and Commonwealth Office of the United Kingdom, the European Development Fund of the European Union and the United Nations Development Programme. In his budget address, the Minister for Finance and Economic Development noted that the cessation of British development assistance to Anguilla would not take effect until April 2005 (see paras. 25-26 of the present text). Therefore, there is a window in which it will be possible to accelerate and complete the spending of the funds allocated under the current extension of the Strategic Country Programme to 31 March 2005.

23. The major capital projects, including the Wallblake Airport expansion project and road development, will take up more than 90 per cent of the proposed total capital expenditure in 2004.

IV. Economy

A. General

24. As reported in the previous working papers (A/AC.109/2001/13, A/AC.109/2002/3 and A/AC.109/2003/11, paras. 22-26), after a decade of rapid growth, the economy of Anguilla slowed in 2000 as a result of natural disasters and the overall global recession. The Government introduced the Strategic Country Programme 2002-2003 aimed at diversifying the economy and preparing it to reduce vulnerability to external shocks. The Government negotiated the new stage of the Programme with the United Kingdom in the middle of 2002.

25. During the reporting period, a significant development was a considerable reduction in assistance and grants from the United Kingdom and other donors. The Government of the United Kingdom intends to end all the technical assistance grants that it currently provides to Anguilla by 31 March 2005. Capital assistance for many critical infrastructure projects has already been terminated. According to the Minister for Finance and Economic Development, the various initiatives of the International Monetary Fund, the Organisation for Economic Cooperation and Development (OECD) and other global bodies in the name of "good governance" make the economic climate for small developing countries like Anguilla very inhospitable. The Minister also noted that in the context of the war on terrorism, traditional donors were reducing their development aid budgets and diverting resources to military efforts.[4]

26. According to local press reports, the Anguilla economy will experience negative consequences as a result of the decision by the Department for International Development of the United Kingdom to reallocate considerable resources to the reconstruction of Iraq. In November 2003, it was announced that aid to Anguilla would be withdrawn completely. About a quarter of the money previously allocated for assistance will be extracted from the Department for International Development 2004 budget. The remainder will be taken from programmes scheduled for 2005-2006. Aid agencies consider that this move breaches undertakings given by the United Kingdom Government that monies would not be directed away from other programmes to pay for Iraq.[5]

27. During the past year, the Government of Anguilla continued its efforts to reorientate the economy and to make it more self-reliant. Tax collection, although slightly improved, remains a problem in the Territory as a result of a weak income base, with $7,500 per capita income. Whereas in the past the Government relied on the inflow of external development grants and concessionary development loans to finance its public investment programmes, the substantial decline of such resources made it necessary to plan more systematically to achieve revenue surpluses for those needs.

28. The decline of assistance obliges the Government to resort to borrowing. As reported in the previous working paper (A/AC.109/2003/11, para. 25), the Government of Anguilla is constrained by its status as a British Overseas Territory from borrowing freely on the money markets. According to the information provided by the administering Power, an agreement between the United Kingdom and Anguilla on borrowing guidelines was signed in December 2003. The Minister for Finance and Economic Development announced that in 2004, the Ministry of

Finance would be strengthened with the addition of a Debt Officer to keep track of debt and a debt coordinating committee would be established to assist with the proper analysis of present and future borrowing needs.

B. Economic sectors

Agriculture and fishery

29. Agricultural activity in Anguilla is extremely limited by a combination of factors, including poor soil, the small amount of arable land and irregular rainfall. Notwithstanding the dry conditions and unpredictable rainfall patterns prevailing in Anguilla, agriculture continues to play an important part in the livelihood of the local people. Agriculture and fishing contribute about 2.5 per cent to gross domestic product (GDP).

Tourism

30. Tourism continues to dominate the Anguillan economy. In 2003, of the total of 109,282 visitors, 67 per cent came from the United States, followed by 6 per cent from the United Kingdom and 4 per cent from Canada. According to the Minister for Finance and Economic Development, the Government's efforts to stimulate investment in Anguilla's tourism sector began to pay dividends. The Tourist Board and the Anguilla Hotel and Tourism Association activities are also having a positive impact. In particular, the Anguilla Tranquillity Jazz Festival launched in conjunction with Black Entertainment Television resulted in an unprecedented level of exposure for Anguilla in the United States market. In June 2003, the Anguilla Tourist Board participated in an annual tourist convention in Puerto Rico in order to expose Anguilla to that market of more than 1.2 million potential travellers. As part of the promotion campaign, articles describing the beauty and comfort of Anguilla resorts appeared in American and European newspapers.[6]

31. Another initiative was the first ecotourism project launched in October 2003 with the participation of the Anguilla National Trust, the Foreign and Commonwealth Office environmental fund and the Royal Society for the Protection of Birds. The project aimed to demonstrate that preservation of biodiversity had positive impact on the economy. According to the Governor of Anguilla, the project was not only for tourists but also for the education and enjoyment of the people of the island.[7]

32. According to the Chairman of the Tourist Board, the Government plans to allocate $2.3 million for marketing. The plan aims to increase the number of visitors by some 20,000 and raise hotel occupancy rates from 45 to 65 per cent.

Finance

33. Anguilla has a small but rapidly expanding international finance sector, specializing in trust and company registration, which brings in about 13 per cent of the Territory's GDP. Anguilla entered the field of financial services relatively late, the key legislation having been passed in 1994. There are no income, estate or capital gains taxes. Nor are there any exchange controls, and, although the official currency is the Eastern Caribbean dollar, the United States dollar is commonly used.

34. As reported in the previous working papers (see A/AC.109/2001/13, paras. 31-35, A/AC.109/2002/3, paras. 43-47, and A/AC.109/2003/11, paras. 33-39), Anguilla's financial services largely meet current international standards. In March 2002, Anguilla committed to cooperate with the Organisation for Economic Cooperation and Development and was removed from the list of uncooperative tax jurisdictions.[8] During the reporting period, Anguilla continued to improve its legislation and further develop its financial services.

35. In order to further develop and strengthen the financial sector of the economy in 2003, the Government of Anguilla prepared several legislative acts to be passed in the first half of 2004. An insurance act 2004 will establish the Territory as a captive insurers domicile for both domestic and foreign insurance business. According to the Director of Financial Services of Anguilla, the Territory currently has a strong financial infrastructure that is ahead of nearly every jurisdiction in the world because the company's registry is totally electronic. In order to attract captives, the Government would need to build up its reputation and credibility. To that end, it intends to bring in well-qualified regulators and spend money to promote the venue. As a "zero-tax" jurisdiction, Anguilla is competing with well-established giant financial centres in Bermuda and the United States, as well as with those elsewhere in the Caribbean.[9]

36. Anguilla's Mutual Funds Act 2004, to be passed in the first half of 2004, will provide for the regulation, authorization and control of mutual funds and their managers and administrators carrying on business in or from within Anguilla. The types of mutual funds envisaged are private, professional and public. A final piece of new legislation to be passed during the first half of 2004 in Anguilla will be the Protected Cell Companies Act.[10]

37. In November 2003, the House of Assembly passed the Financial Services Commission Act. The Commission focuses on licensing, supervision of licensees, monitoring of financial services in general, reviewing existing financial services legislation and making recommendations for new legislation, as well as maintaining contact with appropriate foreign and international regulatory authorities.[11]

38. Currently, Anguilla has in place effective anti-money laundering legislation, including the Proceeds of Criminal Conduct Act, 2000; the Money Laundering Reporting Authority Act, 2000; the Anti-Money Laundering Regulations; the Guidance Notes on the Prevention of Money Laundering; and the Criminal Justice (International Cooperation) (Anguilla) Act. Over the next 12 months the Government of Anguilla will be reviewing its proceeds of crime legislation and other areas of anti-money laundering regulation to ensure compliance with the requirements of the international regulatory bodies, in particular the revised 40 recommendations of the Financial Action Task Force on Money Laundering, as well as the eight special recommendations on terrorist financing.

39. An important component of the financial service industry of the Territory is the Anguilla Commercial Online Registration Network (ACORN). At present, it allows 95 per cent of all documents, including new registrations, to be filed electronically by locally licensed service providers and their approved overseas agents. The exemplary performance of the Network was noted in the review of Anguilla's financial services by the Klynveld Peat Marwick and Goerdeler consultants who stated, "Of particular note is the development of the ACORN company registration system and the operation of the company registry in general,

which we consider to be an example of how online registration can be developed in a well regulated manner." Recently, the Network was given the ability to incorporate electronically companies with Chinese characters representing the name. The other languages currently available on the Network include French, Spanish and Russian (Cyrillic alphabet).[12]

40. With respect to the European Union Taxation of Savings Directive requiring the cross-border taxation of savings accounts (see A/AC.109/2003/11, para. 36), during the meeting of the Overseas Territories Council in December 2003, the Minister for Finance and Economic Development expressed concern that the Territory could find itself in an unfavourable position compared to independent Caribbean competitors not affected by the Directive who could benefit from business flight from the Overseas Territories. He also noted that a study of the potential economic impact of the Directive on the economies of the Overseas Territories was not satisfactory and that the impact could be accurately assessed only after the Directive was implemented.[13]

C. Transport

General

41. According to 1998 estimates, Anguilla had a total of 279 kilometres of roads, of which 253 were paved. The continuation of the Government's road improvement programme was the second priority of the capital budget (after development of the airport).

42. In 2003, two road construction projects were ongoing throughout the island. The first one, the Hurricane Lenny road rehabilitation project, involved the reconstruction of roads in Shoal Bay West, Sandy Ground, George Hill, the Quarter, East End and Island Harbour, which were damaged by Hurricane Lenny. Funding for the project was provided through a loan of $9.9 million obtained from the Caribbean Development Bank. The second project was the Little Harbour to Blowing Point Road, constructed at a cost of $5.4 million through a grant from the European Development Fund.[14]

43. The 2004 budget allocated a record amount of $67.61 million to capital expenditure in order to provide funding for vital public infrastructure. The expenditure will cover primarily the completion of road development programmes commenced in 2003 and the implementation of additional essential road construction delayed for a number of years. The airport project and road development together will account for 82.6 per cent of total capital spending in 2004.

Seaports

44. Anguilla has two ports, one at Blowing Point and the other at Road Bay. As of December 2001 Anguilla had three ships registered with Lloyd's of London, with a total displacement of 701 tons.[15]

45. At the Overseas Territories Council meeting in London in December 2003, the Chief Minister said that Anguilla would find it potentially profitable to be able to raise the size of ships that could be registered. He also reported that the Territory was unable to police its territorial waters and was thereby unable to prevent illegal

fishing. He argued that occasional visits to Anguilla's waters by the Royal Navy vessel would help deter poaching.

Airports

46. Anguilla has three airports, two of which are unpaved and have runways less than 1,000 metres long. The main airport, Wallblake, is paved and has a runway of 1,100 metres. As there are no refuelling facilities, aeroplanes can land only when carrying enough fuel to return, limiting the loads they may carry. The Government's top capital expenditure priority in 2001 was the acquisition of land near the airport in order to begin expanding it in 2002.

47. As reported in previous working papers (A/AC.109/2002/3, para. 51, and A/AC.109/2003/11, para. 45), the Government continued to work on the extension of the runway of Wallblake Airport. Initial plans to extend the runway up to 4,600 feet have been modified to 5,606 feet. The latest proposal is to further increase the length of the runway up to 6,000 feet with no additional cost in construction.[16]

48. Of the total $67.61 million in capital expenditure, the expansion of Wallblake Airport will account for $49.22 million or 72.8 per cent. The amount of $40.5 million for the financing of the project will come from commercial bank loans. Proposals from a number of commercial and merchant/investment banks are now under evaluation. Sixty-seven per cent of the borrowing will be repaid from the European Development Fund allotment over a three-year period. The main source of funds for the acquisition of land and resettlement will be the sale of shares of the Anguilla Electric Company (see paras. 12 and 54 of the present text).[17]

49. According to Government sources, during the past year the housing and business relocation scheme, project design and tender process were completed on time and within budget, the Government of the United Kingdom approved the project financing plan and the European Union approved the grant funding. The major portion of expenditure related to the Wallblake Airport expansion project was directed towards building nine homes and businesses to relocate persons as a consequence of the airport expansion.

50. At the same time, a legal dispute exists between the Government and the owners of the Forest Estate over the Government's decision to compulsorily acquire a portion of the Estate for the airport project. The dispute might delay the scheduled start of the project and subsequently its completion by August 2004. Completion of the project by August 2004 is especially important in order to accommodate delivery of the larger aircraft purchased from the United States.

51. As a long-term objective, the Government has formulated a medium-term air transport facilities and services development framework designed to deliver the following objectives: extended runway and upgraded terminal in use by September 2004; restructured airport operations and creation of an airport authority to commence by January 2005; Airport master plan for future development by January 2005; and an increase in tourist arrivals through Wallblake Airport at an annual average rate of 10 per cent over the period 2003-2005.

52. In addition to the extension of the runway of Wallblake Airport, the Government intends to strengthen the air transport sector in general. For a tourism-led economic model such as that which exists in Anguilla, the development of adequate tourism facilities of a high calibre, efficiently operated and maintained, is

paramount. In the 2004 budget, the considerable amount of 3.8 million Eastern Caribbean dollars has been allocated to the Airport and Seaports Department. The expanded and improved air transport facilities and services would facilitate increased visitor arrivals and allow the Government to generate greater surpluses from tourism.

D. Communications and electricity

53. Anguilla has a modern internal telephone system and a microwave relay to St. Maarten/St. Martin for international calls. The system is operated under a monopoly by Cable & Wireless Ltd., which has a number of Caribbean franchises. The communications sector accounts for 11.9 per cent of real GDP. Among measures to improve the economic situation in the Territory, the Government proposed the liberalization of the telecommunications sector.

54. In 2003, the Government fulfilled a long-standing commitment to make some of the shares of the Anguilla Electricity Company available to the general public. The response to the public offering was strong. With the share issue closed on 1 September 2003, the Government received $15.95 million from the sale. The proceeds are added to the Government's capital revenue for 2003 (see paras. 12, 57 and 59 of the present text).

V. Social conditions

A. General

55. Living standards and social indicators in Anguilla compare favourably with those of other countries in the region. Per capita income is approximately $7,500. The literacy rate is 95 per cent. According to the results of the 2001 census, the life expectancy for a female at birth is 78 years, while for a male it is 77.9 years, showing a considerable increase from 1974 when it was 69 years for females and 65 years for males.

56. Anguilla has had a social security scheme since 1982. In 2001 the Government announced plans to establish a permanent programme within the Social Security Board to assist the elderly and other economically deprived groups. The first civil servants appointed at the time of the so-called Anguillan revolution in 1967 are reaching retirement at age 55. The Territory is faced with the situation where the ratio of persons on pension to working civil servants will change from 1 pensioner to 6.23 working civil servants at the present time, to 1 pensioner to 4.2 working civil servants in 10 years and to 1 pensioner to 2.28 working civil servants in 30 years. This means that the system of non-contributory pension with a retirement age at 55 will no longer be sustainable.

57. In recent years, the Government has been working on the pension reform that will replace the non-contributory pension system with a contributory one. The reform was implemented with the new legislation passed by the House of Assembly in December 2003. Under the new legislation, all qualifying civil servants will receive a small increase in salary in 2004, from which deductions will be made and paid into a contributory pension scheme. The normal retirement age is also

increased to 60, and to 65 for certain categories of workers. The new pension scheme is designed to ensure the long-term security of public servants even after retirement.

B. Education

58. Education is free and compulsory between the ages of 5 and 14. There are six government primary schools and one government secondary school, the Albena Lake-Hodge Comprehensive. As part of the government policy to enable Anguilla to meet both its present and future needs, the problem of overcrowding is being addressed by the construction of another campus, as well as the implementation of curriculum reforms.

59. According to the Minister for Finance and Economic Development, in 2004 the Government will continue efforts to provide tertiary training for youth and young adults, despite the fact that budget allocations to that area have been reduced over the years. One of the problems related to the tertiary training is that some of the students — recipients of Government scholarships — do not return to work in Anguilla after they study outside the Territory. Speaking at the House of Assembly, the Minister appealed to lawmakers to find ways to alleviate the situation and to encourage those who benefited from scholarships in the past and who have not given due service to the people of Anguilla to repay their bonds.

60. In 2004, the Department of Education will receive $13.3 million, which is 14 per cent of the total recurrent expenditure.

C. Public health

61. Despite the economic problems, the Government remains committed to providing primary health care for all Anguillans. Its health priorities include the conversion of the Princess Alexandra Hospital to a statutory health authority, the strengthening of the Primary Health Care Department, the expansion of mental health and psychiatric services, the development of the Environmental Health Section of the Primary Health Care Department, and the improvement of the coverage and quality of solid-waste disposal services. The Government also planned to transform the Primary and Secondary Health Departments into a Health Authority. Among the priorities will be the expansion of the Water Laboratory, the completion of the maternity suite at the Princess Alexandra Hospital and the completion of the dialysis facility.

62. The United Kingdom Department for International Development is funding the health sector strategy to support the Government of Anguilla in health sector reform.

63. Starting with January 2004, the structure of the Ministry of Social Development of Anguilla, which traditionally incorporated the Education, Primary Health Care, Secondary Health Care and Community Development Departments and the Sports Directorate, has been changed. The Primary Health Care and Secondary Health Care Departments ceased to exist and those services will be provided through the Anguilla Health Authority. The formation of the Anguilla Health Authority was a long-time commitment of the Government dating from the time it

assumed office in 2000. Under the new arrangement, the Ministry of Social Development will perform a policy-making and regulatory role as it relates to health services.

64. The 2004 budget makes provision for $11 million for the Anguilla Health Authority, which will be provided by a subvention through the Ministry of Social Development. Expenditure on health services accounts for 12.6 per cent of the recurrent expenditure estimates.

D. Crime

65. The crime rate in Anguilla is relatively low by regional standards. During the course of 2003, responsibility for the prison was transferred to the Ministry of Social Development. This step was aimed at putting a greater focus on rehabilitation of convicted criminals and therefore reducing the number of repeat offenders. In addition, the Royal Anguilla Police Force was strengthened with the addition of new recruits and through the filling of vacant posts.

66. In 2004, Anguilla will receive assistance in the area of crime prevention at the regional level within the framework of the Organization of Eastern Caribbean States Development Strategy. According to the information provided by the Organization of Eastern Caribbean States, the assistance will concentrate on developing appropriate programmes to eliminate antisocial behaviour. The programmes will focus, among other things, on implementing national juvenile policy; developing a probation service; and supporting legislation and alternative sentencing mechanisms.

VI. Relations with international organizations/arrangements

67. Anguilla is a member of the Eastern Caribbean Central Bank, the Organization of Eastern Caribbean States and an associate member of the Association of Caribbean States and the Economic Commission for Latin America and the Caribbean and of the Caribbean Community and Common Market. As a dependency of the United Kingdom, Anguilla has the status of Overseas Territory in association with the European Union.

68. The Government of Anguilla cooperates directly with other Caribbean Governments and participates in regional projects of the international organizations and agencies.

69. In May 2003, Anguilla hosted the seventh Annual Public/Private Sector Policy Forum organized by the Caribbean Centre for Development Administration. The Forum was devoted to leadership and good governance issues. Addressing the Forum, the Chief Minister underlined, among other things, the importance of the cooperation between the private and public sectors of the economy. Good governance issues are at the heart of the sustainable development efforts by the Anguillan Government. The practical examples of Anguilla's commitment and openness in the private sectors were the liberalization of the electronic media and the unrestricted talk shows and discussion programmes. According to the Minister, Anguilla, a 35-square mile island with a population of 13,500 people, has six radio stations, which indicates that the people are free to express themselves.

Representatives of non-governmental organizations and civil society were included on committees and boards that manage various aspects of development, particularly tourism and environment. At the meeting, the Minister shared with the participants the experience of Anguilla in holding town meetings to discuss every major piece of legislation and policies.[18]

VII. Future status of the Territory

A. Position of the territorial Government

70. The constitutional review is being undertaken by the Constitutional Review Committee, set up by the territorial Government in cooperation with the administering Power and with the assistance of the United Nations Development Programme.

71. In May 2003, the Government of Anguilla, in collaboration with the United Kingdom, hosted the Caribbean Regional Seminar on Advancing the Decolonization Process in the Caribbean and Bermuda organized by the Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples (see A/58/23, chap. II, annex). The landmark nature of the seminar, held for the first time in history in a Non-Self-Governing Territory, was welcomed by the international community.

72. The Seminar had a notable educational impact on both the leadership and the civil society in the Territory and triggered a useful discussion related to the political, economic and social aspects of Anguilla's status as a Non-Self-Governing Territory and its options in achieving self-determination.[19]

73. At the meeting of the Overseas Territories Consultative Council in London in December of 2003, the Minister for Finance and Economic Development of Anguilla presented a paper criticizing the attitude of the United Kingdom towards self-determination for the Territories. He gave examples of perceived inconsistencies between the stated international commitment to self-determination by the Government of the United Kingdom and certain negative messages given to the Territories. According to the paper, the partnership enshrined in the 1999 White Paper was a colonial relationship, not one of political equality. The Minister urged the United Kingdom not to shut the door on "free association," which, in his view, could be based on a model agreed by the two parties, and called to work together towards political equality for Territories. The removal of the United Kingdom power to legislate in the Territories would be a precursor for such equality, which is in itself a key criterion for removal of a Territory from the United Nations list of Non-Self-Governing Territories. Otherwise, the paper stated, the Overseas Territories would remain dependencies. The paper also referred to the lack of information in the Territories.

74. The concept of free association was also touched on by the Minister for Finance and Economic Development in his budget address to the House of Assembly in December 2003. He stated that during the public consultations, the concept of free association with the United Kingdom received quite some attention. He viewed it as a "halfway house" towards full independence, whereby Anguilla would attain a measure of full internal self-government, with defence and external

relations remaining the preserve of the United Kingdom. He considered that the best known example of a free association arrangement is that of the Cook Islands and Niue in free association with New Zealand. He underlined that constitutional development was a fundamental right of a people and was enshrined in many resolutions of the United Nations. Consequently it was the view of the Government of Anguilla that Anguillians must have more scope when it comes to choosing their way forward constitutionally. He firmly believed that any attempt by the Government of the United Kingdom to determine or constrain the constitutional and electoral reform process would not be in line with United Nations mandates.[20]

B. Position of the administering Power

75. In his statement at the 2nd meeting of the Special Political and Decolonization Committee (Fourth Committee) on 6 October 2003 (see A/C.4/58/SR.2), the representative of the United Kingdom said that his Government welcomed the opportunity as an administering Power to bring to the Committee's attention a number of significant developments that had taken place during the year. Following the adoption in 2002 of the British Overseas Territories Act, which granted all citizens of those Territories full British citizenship, the right of abode in the United Kingdom and freedom of movement within the European Union, over 14,000 passports had been issued as at August 2003. As for environmental management in the Overseas Territories, his Government was working closely with the Territories in order to fulfil the commitments it had entered into under multilateral agreements and to support the efforts of the Territories themselves to protect and improve the environment.

76. With respect to the constitutional reviews, discussions were under way in the Cayman Islands, the Falkland Islands (Malvinas), Gibraltar, Montserrat and the Turks and Caicos Islands. The authorities of Anguilla had set up a Committee to canvass views from the population at large, and a locally appointed review commission was expected to be established shortly in the British Virgin Islands. St. Helena was currently considering a new form of Government. In terms of the Committee's specific interests two years into the Second International Decade for the Eradication of Colonialism, perhaps the most significant development had been the decolonization seminar held in Anguilla from 20 to 22 May 2003, since it was the first time that the seminar had been held in a British Non-Self-Governing Territory. The choice of venue and the focus of the seminar had meant that several chief ministers and their equivalents, as well as opposition leaders and civil society representatives, had been able to attend. The representative of the United Kingdom said that the seminar had shown the extent to which many of the British Overseas Territories had dynamic and advanced economies, which already benefited from a high degree of self-government.

77. As seen from London, he said, the United Kingdom had the impression that there was no strong desire in its Territories to choose the path of independence, even though his Government had made it clear that it would give every encouragement if they chose to do so, where independence was an option. The key, therefore, as long as the Territories chose to retain their link with the United Kingdom, would be to try to reconcile their desire for ever greater autonomy and self-government with the United Kingdom's responsibility to ensure good governance, protect the impartiality

of the public service and the independence of the judiciary and ensure compliance with relevant international obligations.

78. In his closing remarks during the Overseas Territories Consultative Council held in London from 8 to 10 December 2003, referring to the role of the Governors and constitutional reform, the Parliamentary Under-Secretary of State said that it was based on the principle of partnership. According to the Under-Secretary, the concept of free association advanced by the United Nations Committee of 24 would not be inconsistent with that, if it meant mutual acceptance by both sides, because the United Kingdom Government had responsibilities to protect. However, if it meant, as he sensed some territorial Governments were arguing, that some Territories would draw their own constitutions free of outside interference, the United Kingdom would not agree with that. The Under-Secretary went on to add that his Government valued its relationship with the Territories. It would not wish to force them into independence, although it would respond positively where it would be an option (for example, not Gibraltar) if that were the clear and constitutionally expressed wish of the people. The United Kingdom respected the fact that for some Territories this might be the long-term objective. He stressed, however, that while the Territories retained a link with the United Kingdom, their governance should be in partnership with it.[21]

C. Consideration by the United Nations

79. On 9 December 2003, the General Assembly adopted resolutions 58/108 A and B. Section II of resolution 58/108 B is devoted specifically to Anguilla.

Notes

[1] The information contained in the present report has been derived from published reports and from information transmitted to the Secretary-General by the Government of the United Kingdom of Great Britain and Northern Ireland under Article 73 *e* of the Charter of the United Nations.

[2] *Demography, Culture, Migration, Crime, Marital Status and Fertility of the Resident Population of Anguilla according to the May 2001 Census*, Statistic Department, Ministry of Finance, Government of Anguilla, available from http://www.gov.ai/statistics/census/index.htm.

[3] *The Anguillian*, 27 June, 18 August 2003; "Anguilla: government poll shows that 51 per cent want changes to constitution", *BBC Monitoring Americas*, 31 January 2004.

[4] "Budget address 2004", www.radioaxa.com/profiles/budget.htm.

[5] "Pounds 100m aid reshuffle hits 20 countries: Britain retreats from overseas commitments to pay for Iraq", *The Guardian*, 7 November 2003.

[6] *Financial Times*, 18 July, 29 November 2003; *Chicago Sun-Times*, 18 January 2004; *The Anguillian*, 19 June, 10 November 2003, 27 January, 13 February 2004; and *TravelVideo.TV*, 27 January 2004, available from http://travelvideotv.

[7] *The Anguillian*, 9 October 2003.

[8] "Commitment of Anguilla", letter from the Minister for Finance of Anguilla to the secretary-general of the Organisation for Economic Cooperation and Development, 5 March 2002, available from http://www.oecd.org.

[9] *National Underwriter*, 26 May 2003.

[10] Mondaq legal, regulatory and financial commentary and information service, available from http://www.mondaq.com.

[11] http://www.Mondaq.com.

[12] http://www.Mondaq.com.

[13] Information provided by the administering Power.

[14] *The Anguillian*, 5 September 2003, and "Budget address 2004", available from http://www.radioaxa.com/profiles/budget.htm.

[15] *Europa World Yearbook 2002*, "United Kingdom Overseas Territories: Anguilla".

[16] *The Anguillian*, 15 May 2003.

[17] *The Anguillian*, 27 June 2003.

[18] *The Anguillian*, 5 May 2003.

[19] *The Anguillian*, 22 May, 19 June and 27 June 2003.

[20] http://www.radioaxa.com/profiles/budget.htm.

[21] The fifth Overseas Territories Consultative Council, report of the proceedings, 8-10 December 2003, annex F, closing remarks by Bill Rammell.